

United States Department of the Interior

OFFICE OF THE SECRETARY

Washington, D.C. 20240

MAY 25 2001

Honorable Wanda Stone
Chairperson, Kaw Nation
Drawer 50
Kaw City, Oklahoma 74641

Dear Chairperson Stone:

On April 11, 2001, we received the Off-Track Wagering Compact between the Kaw Nation (Tribe) and the State of Oklahoma (State) dated March 28, 2001. We have completed our review of this Compact and conclude that it does not violate the Indian Gaming Regulatory Act of 1988 (IGRA), Federal law, or our trust responsibility. Therefore, pursuant to delegated authority and Section 11 of IGRA, we approve the Compact. The Compact shall take effect when the notice of our approval, pursuant to Section 11 (d)(3)(B) of IGRA, 25 U.S.C. § 2710(d)(3)(B), is published in the FEDERAL REGISTER.

We wish the Tribe and the State success in their economic venture.

Sincerely,

/sgd/ James McDivitt

Deputy Assistant Secretary - Indian Affairs
(Management)

Enclosure

Similar Letter Sent Honorable Frank Keating
to: Governor of Oklahoma
 Oklahoma City, Oklahoma
 73105

STATE OF OKLAHOMA

KAW NATION

OFF-TRACK WAGERING COMPACT

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TRIBAL STATE COMPACT

Between the

KAW NATION

and the

STATE OF OKLAHOMA

This is a cooperative agreement made and entered into by and between the Kaw Nation hereinafter called "Nation", a federally-recognized Indian nation, and the State of Oklahoma, "State", pursuant to the provisions of the Indian Gaming Regulatory Act, Pub. L. 100-497, 25 U.S.C. § 2701 et seq.

RECITALS

WHEREAS, the Nation and the State are separate sovereigns, and each recognizes and respects the laws and authority of the other sovereign, and WHEREAS, the Congress of the United States has enacted into law the Indian Gaming Regulatory Act, Pub. L. 100-497, 25 U.S.C. § 2701 et seq. Hereinafter called "Act", which provides in part that a Compact may be negotiated between the Nation and the State to govern the conduct of certain Class III gaming activities on the Indian lands of the Nation; and WHEREAS, the State has no jurisdiction by its Constitution Article I, Section 3, over the Nation's Indian Country absent federal grant; and WHEREAS, the Nation exercises external borders of the authority over the Nation's Indian Country, which is located within the State which are "Indian lands" within the meaning of the Act, and within which the gaming activities regulated hereunder shall take place; and WHEREAS, the Nation and the State have negotiated the terms and conditions of the Compact in good faith so as to provide a regulatory framework for the operation of certain Class III gaming which is intended to (a) insure the fair and honest operation of such gaming activities; (b) maintain the integrity of all activities conducted in regard to such gaming activities; and (c) protect the health, welfare and safety of the citizens of the Nation and the State; and WHEREAS, the parties hereto deem it to be in their respective best interest to enter into this Compact; NOW,

THEREFORE, in consideration of the mutual undertakings and agreements hereinafter set forth, the Nation and the State enter into the following Compact.

SECTION 1. TITLE

The title of this document shall be referred to as the Kaw Nation Off-Track

Wagering Compact.

SECTION 2. DECLARATIONS

As a basis for this Compact, the Nation and the State have made the following declarations:

(A) A principal goal of federal Indian policy is to promote the Nation's economic development, the Nation's self-determination and a strong Nation's Government.

(B) The State recognizes the positive impact that gaming may provide to the Nation's citizens. The Nation will utilize revenues generated by gaming to fund programs that provide important governmental services to the Nation's citizens and to Indian Country residents. These programs include education, health and human resources, housing development, road construction and maintenance, sewer and water projects, police, fire and judicial services, economic development, and any other purpose authorized under the Act.

(C) The State further recognizes that the positive economic effects of such gaming may extend beyond the Nation's lands to the Nation's neighbors and surrounding communities. These economic benefits, which include increased tourism and related economic development activities, will generally benefit all of Oklahoma and help to foster mutual respect and understanding among Indian and non-Indians.

(D) The Nation and the State jointly wish to protect their citizens from any criminal involvement in the gaming activities regulated under this Compact.

(E) This compact is intended to assure that gaming is conducted fairly and honestly by the Nation, its employees and the players.

(F) The Compact shall govern the licensing, regulation, and operation of Class III gaming conducted by the Nation on Nation's lands located within the State.

(G) The Act contemplates and grants authority for the entry of this Compact.

SECTION 3. DURATION.

a. **Effective Date.** After execution by the parties hereto, and approval by the State-Tribal Relations Committee of the Oklahoma Legislature and the Kaw Nation Executive Council, this Compact shall become effective when notice of approval by the Secretary of the United States Department of the Interior is published in the Federal Register as provided by the Act.

b. **Term.** This Compact shall have a three-year automatically-renewable term from the effective date. The term will automatically renew for successive three year periods unless a party gives notice of intent to terminate before 180 days prior to expiration of the preceding term. However, the State may not terminate this Compact except for the reasons set forth herein in Section 3 c. (2), (3), (4) or (5) of this Compact.

c. **Duration.** Once effective, this Compact will remain in full force and effect until one of the following shall occur:

- (1) The term expires pursuant to a notice of an intent to terminate;
- (2) The Compact is terminated by mutual consent of the parties;
- (3) The Nation duly adopts an ordinance or resolution revoking authority to conduct Class III Gaming within Nation's Indian Country as provided by 25 U.S.C. § 2710(d)(2)(D);
- (4) The State abolishes pari-mutuel wagering;
- (5) Pursuant to a final, non-appealable judgment by a court of competent jurisdiction determining that:
 - (a) this Compact is invalid; or
 - (b) a party has committed a material breach that has not been timely cured or repeated violations as hereinafter set forth in Section 15(c).

SECTION 4. DEFINITIONS

For the purposes of this Compact:

- a. **Act** means the Indian Gaming Regulatory Act, Pub. L. 100-497, Oct. 17, 1988, 102 stat. 2467 codified at 25 U.S.C. § 2701 et seq. 18 U.S.C. §§1166 to 1168.
- b. **Class III Gaming** means all forms of gaming defined in 25 U.S.C. § 2703 (8).
- c. **Commission** means the National Indian Gaming Commission established pursuant to 25 U.S.C. § 2704.

- d. Compact means this document and any appendices attached hereto.
- e. Federal Government means the United States of America.
- f. Gaming Employee means any natural person employed in the operation or management of the gaming operation, whether employed by or contracted to the nation or by any person or enterprise providing on-site or off-site services to the Nation within or without the gaming facility.
- g. Gaming Facility means any room or rooms where off-track bets authorized by this Compact are placed.
- h. Gaming Operation means the gaming authorized by Nation within Nation's Indian Country by this Compact.
- i. Off-Track Betting means pari-mutuel betting on races into an interstate common pari-mutuel pool consisting of the pari-mutuel wagers placed at track(s), its intrastate betting locations, other jurisdictions, and the pari-mutuel wagers placed at the Nation Gaming Facilities authorized by this Compact.
- j. Kaw Nation Indian Country means any lands as defined by 18 U.S.C. § 1151, and/or 25 U.S.C. § 2703, (4)(A) and (4)(B) over which the Nation exercises jurisdiction.
- k. OSBI means the Oklahoma State Bureau of Investigation, the organization now tasked by Oklahoma law to monitor and oversee Compacts relating to Indian gaming [74 O.S. Supp. 1995, § 1223], or such other entity that the Oklahoma Legislature may hereafter designate by law to perform these or related tasks.
- l. OSF means the Oklahoma Office of State Finance.
- m. State means the State of Oklahoma, its authorized officials agents and representatives.
- n. Nation means the Kaw Nation, its authorized officials, agents and representatives.
- o. Pari-Mutuel System of Wagering means a form of wagering on the outcome of simulcast horse races in which those who wager, purchase tickets of various denominations on a horse or horses and

all wagers for each race are pooled together and held by the gaming operation for distribution. The pari-mutuel system of wagering uses an electric totalizer or similar equipment which automatically registers the wagers made on each horse and prints and issues a ticket representing each wager.

- p. Simulcast Horse Racing means receiving and telecasting by telecommunications, horse racing contests for view by patrons at various facilities simultaneous with the happening of said racing event.
- q. Kaw Gaming Commissioner means the person appointed by the Nation to be responsible for regulatory oversight of the Nation's gaming.

SECTION 5. AUTHORIZED CLASS III GAMING.

The Nation may conduct off-track wagering consistent with this Compact, the Act and the standards of operation and management for pari-mutuel gaming described in Appendix A.

SECTION 6. LOCATION.

This Compact is site specific. All gaming addressed herein shall be conducted only at locations within the Indian Country of Nation described in Appendix B. The location is not situated within sixty (60) miles of an existing Oklahoma race track. The Nation agrees that it may not engage in simulcasting of horse races or accept off-track wagers at locations situated within sixty (60) miles of an existing Oklahoma race track, unless it has the express written consent to do so from such race track. Nothing herein shall prohibit additional compacts for other sites within the Indian Country of Nation.

SECTION 7. SERVICE AGREEMENTS.

The Nation will enter into a Pari-Mutuel and Racewire Service Agreement for the off-track wagering authorized by this Compact.

SECTION 8. CLAIMS.

To protect third parties, the Nation has adopted a gaming ordinance consistent with 25 U.S.C. § 2710. A copy of this ordinance is attached hereto as Appendix C. Should the ordinance conflict with the terms of this Compact, the Compact will govern. This ordinance provides dispute resolution procedures that

shall apply to tort and wagering claims unless change is required by federal law:

a. **Procedure.** In the event of an alleged personal injury or property damage suffered by a patron of the Gaming Facility, or in the event of a dispute between a patron and the Gaming Facility regarding the payment of bet or distribution of winnings, the patron may make a claim against the Gaming Facility as follows:

(1) **Making Claim.** Any patron having a claim against the gaming facility shall present a claim for any appropriate relief including the award of money damages. Claims against the gaming enterprise are to be presented within ninety (90) days of the date the loss occurs. In the event a claim is not presented following ninety (90) days after the loss occurs, but within one (1) year after the loss occurs, any judgment in a lawsuit arising from the act which is the subject of the claim shall be reduced by ten (10) percent. A claim against the gaming enterprise shall be forever barred unless notice thereof is presented within one (1) year after the loss occurs. A claim against the gaming facility shall be in writing and filed with the Kaw Gaming Commissioner at the address of the gaming facility. Notices explaining this procedure shall be posted in the gaming facility. Such notices shall explain that this procedure is the exclusive method of making a claim or registering a patron dispute about payment of a bet or a distribution of winnings. Such notices shall explain that upon denial of a claim, redress must be sought exclusively in Nation's Courts.

(2) **Notice.** The written notice of claims against the gaming facility shall state the date, time, place and circumstances of the claim, the identity of the persons, if known, the amount of compensation or other relief sought, the name, address and telephone number of the claimant, and the name, address and telephone number of any agent authorized to settle the claim including a written copy of the authority of agent.

(3) **Denial.** A claim is deemed denied if the gaming facility fails to approve the claim in its entirety within ninety (90) days of receipt, unless the interested parties have reached a settlement before the expiration of that period. A person may not initiate suit unless the claim has been denied in whole or in part. The claimant and the gaming facility may continue attempts to settle a claim; however, settlement negotiations do not extend the date of denial.

- (4) **Limitations.** No action for any cause arising from personal injury, property damage, or patron gaming dispute shall be maintained unless valid notice has been given and the action is commenced in a Nation's CFR court within 180 days after denial of the claim as set forth herein. Neither the claimant nor the gaming facility may extend the time to commence an action by continuing to attempt settlement of the claim.
- b. **Tort Claim.** During the term of this Compact, the Nation shall maintain public liability insurance with limits of not less than \$250,000 for any one person and \$2,000,000 for any one occurrence for personal injury and \$1,000,000 for any one occurrence for property damage. This insurance policy shall include an endorsement providing that the insurer shall not invoke tribal sovereign immunity up to the limits of the policy set forth above and, to this extent, the Nation explicitly waives its immunity from suit. In the event of an alleged personal injury or property damage suffered at a gaming facility arising from alleged negligence by the Kaw Nation, the sole and exclusive remedy for an alleged tort claim is against this liability insurance policy and no asset of the Nation may be levied against or executed upon by a claimant.
- c. **Wagering Claim.** In the event of a disputed claim by a patron regarding distribution of winnings, the patron should submit a claim to the Kaw Gaming Commissioner consistent with the dispute resolution procedures in Appendix C.
- d. **Posting.** Notices explaining dispute resolution procedures for tort or wagering claims shall be posted in prominent locations in each gaming facility and the copies will be made available upon request to the Kaw Gaming Commissioner.

SECTION 9. REGULATIONS

In addition to the regulations in Appendix C, the following additional requirements apply:

- a. **Logs.** The Nation shall maintain the following logs as written or computerized records available for inspection by the OSBI and/or the OSF in accordance with this Compact:
- (1) pay-out logs from all off-track wagering; and

- (2) maintenance logs in relation to all gaming equipment pertaining to off track wagering.
- b. **Barred Lists.** The Nation shall establish a list of persons barred from the gaming facility. The Nation shall use its best efforts to exclude persons with criminal histories from entry into its gaming facility and, upon request send a copy of the barred list to OSBI.
- c. **Audit.** The Nation shall have prepared a complete audit of the gaming operation, not less than annually, by an independent certified public accountant. The results of the independent audit shall be available to the OSBI and/or the OSF for their review.
- d. **Rule Display.** Summaries of the house rules for off track wagering shall be visibly displayed in each Gaming Facility. Complete rules shall be available in pamphlet form in each Gaming Facility.

SECTION 10. ENFORCEMENT

- a. **Kaw Gaming Commissioner.** The Kaw Gaming Commissioner shall assure or have responsibility for:
 - (1) enforcement of all laws pertaining to the gaming operation, within the facility;
 - (2) the physical safety of gaming employees and of patrons in the gaming facility;
 - (3) safeguard the assets transported to and from the gaming facility;
 - (4) provide for the detention of persons who may be involved in illegal acts and notify the Nation, and/or other law enforcement authorities;
 - (5) record any and all unusual occurrences within the gaming facility. Each incident without regard to materiality shall be assigned a sequential number, and at a minimum the following information shall be recorded in indelible ink in a bound sequentially page-numbered

notebook from which pages cannot be removed without omission of page number. Each occurrence shall be:

- (a) Assigned number;
 - (b) Date;
 - (c) Time;
 - (d) Nature of incident;
 - (e) Person involved in the incident.
- b. **Investigation and Sanctions.** Pursuant to the Nation's laws and regulations, the Kaw Gaming Commissioner shall investigate any reported violation of the compact provisions and shall require the gaming operation to correct the violation upon such terms and conditions as the Kaw Gaming Commissioner determines are necessary.
- c. **Reporting.** The Kaw Gaming Commissioner shall forward copies of all investigation reports and final dispositions to the Nation's Chairperson and to the State.
- d. **Meeting.** In order to develop and foster a positive and effective relationship in the enforcement of the provisions of this Compact the Kaw Gaming Commissioner and the OSBI and/or the OSF shall meet, not less than on an annual basis, to review past practices and examine methods to improve the regulatory program created by this Compact. The meetings shall take place at a location selected by the Kaw Gaming Commissioner. The OSBI and/ or the OSF prior to or during such meetings, shall disclose to the Kaw Gaming Commissioner any concerns, suspected activities or pending matters reasonably believed to possibly constitute violations of this Compact, by any person, organization or entity, if the disclosure will not compromise the interest sought to be protected.

SECTION 11. MONITORING

The OSBI with the assistance of the OSF shall have the authority to monitor the Gaming Operation to ensure compliance with provisions of this Compact with concurrent supervision of the Kaw Gaming Commissioner. In order to properly monitor the gaming operation, agents of the OSBI and/or the OSF shall have reasonable access to all areas of the gaming facility for off track wagering during normal operating hours after giving notice to the gaming facility manager and the Kaw Gaming Commissioner or his designee; provided, however , the monitoring

activities of these agents shall not interfere with the normal functioning of the gaming operation, and OSBI and OSF shall provide proper photographic identification to any Nation representatives requesting the same.

- a. **Access to Records.** Agents of the OSBI and/or the OSF shall have authority to review and copy during normal business hours all records maintained by the off track betting operation, provided no original records shall leave the custody of the Nation and provided further that such records are held in confidence and not released to the public under any circumstances.
- b. **Notification.** At the completion of any inspection or investigation by the OSBI and/or OSF, a full investigative report shall be forwarded to the Kaw Gaming Commissioner and the Nation's Chairperson within five (5) days.

SECTION 12. CRIMINAL JURISDICTION.

This Compact shall not alter State, Nation, and federal criminal jurisdiction of State, Nation, or Federal Government. All existing cross-deputization compacts between the Nation and political subdivisions of the State are hereby ratified and/or reaffirmed.

SECTION 13. EMPLOYEES.

- a. **Applications.** Prior to hiring a prospective gaming employee for the gaming facility, the Nation shall obtain sufficient information and identification from the applicant to permit a thorough background investigation. The information shall include:
 - (1) Full name, including any aliases by which applicant has ever been known;
 - (2) Social Security number;
 - (3) Date and place of birth;
 - (4) Residential addresses for the past ten (10) years;
 - (5) Employment history for the past ten (10) years;
 - (6) Driver's license number;

- (7) All licenses issued and disciplinary actions taken in regard to any gaming license;
 - (8) All criminal arrests and proceedings, except for minor traffic offenses, to which the applicant has been a party;
 - (9) A set of fingerprints;
 - (10) A current photograph;
 - (11) Military service history; and
 - (12) Any other information necessary to conduct a thorough background investigation.
 - (13) The name and address of any licensing or regulatory agency with which the person has filed an application for a license, permit, or security clearance whether or not the same was granted;
- b. **Probation.** The Nation may employ on a probationary basis prospective gaming employees who present the above information and meet standards of the nation, until such time as the written report on the applicants background investigation is complete.
- c. **Disqualification.** The Nation shall not employ as a gaming employee in the off track betting facility and shall terminate any probationary gaming employee, if the report on the applicant's background investigation finds that the applicant;
- (1) Has been convicted of any felony, gaming offense or larceny;
 - (2) Has knowingly and willfully provided materially important false statements or information on his employment application; or
 - (3) Has been determined by the Kaw Gaming Commissioner to be a person whose prior activities, criminal record or reputation, habits and associations pose a threat to the public interest, or to the effective regulation and control of gaming, or create or enhance the dangers of unsuitable, unfair or illegal practices, methods and activities in the conduct of gaming of the carrying on of the business and financial arrangements incidental thereto.

- d. Background Investigations. The Nation shall conduct background investigations on all gaming employees. The same may be conducted before, during, and/or at any time during the term of employment, conduct additional investigations. Any gaming employee who does not meet the minimum employment criteria shall be promptly dismissed.
- e. Identification Cards. The Kaw Gaming Commissioner shall require all gaming employees to wear in plain view identification cards that include photo, first name and an identification number unique to the individual, and a date issued.

SECTION 14. PUBLIC HEALTH AND SAFETY

- a. Compliance. The construction, maintenance and operation of any gaming facility shall comply with all federal and Nation standards for the same.
- b. Emergency Service Accessibility. The Kaw Gaming Commissioner shall make provisions for adequate emergency accessibility and service to ensure the health and safety of all gaming patrons. Upon finalization of emergency access plans for all gaming facilities, the Nation shall forward copies of said plans to State.
- c. Minors. No person under 18 years of age shall be admitted into a gaming facility for off track betting nor be permitted to place any wager directly or indirectly.
- d. Alcohol. No alcoholic beverages of any kind shall be permitted in a gaming facility.

SECTION 15 DISPUTE RESOLUTION.

In the event either party to this Compact believes the other party has failed to comply with any requirement herein or applicable regulations, or in the event of any disagreement or dispute as to the proper interpretation of the terms and conditions of the Compact, the following procedures may be invoked but shall not be construed to prevent either party from seeking immediate judicial relief.

- a. Voluntary Resolution. The party asserting noncompliance or seeking an interpretation shall serve written notice on the other party. The notice shall identify the specific Compact provision alleged to have been violated or in dispute and shall specify in detail the factual basis

for the alleged noncompliance or the Compact provision for which interpretation is sought. Within 30 days of receipt of notice, State and Nation shall meet in an effort to resolve the dispute.

- b. **Non-binding Arbitration.** If a dispute arises among the parties that is not resolved within sixty (60) days of receipt of notice, either party may refer it to non-binding arbitration. If referred to arbitration, each party shall name the arbitrator. The two named arbitrators will name a third arbitrator. If the two named arbitrators cannot agree on a third arbitrator, the third arbitrator will be named by the American Arbitration Association. The expenses of arbitration shall be borne equally by the parties. A party asserting noncompliance or seeking an interpretation under this section shall be deemed to have certified to the best of his knowledge, information and belief formed after reasonable inquiry that the averment is warranted and made in good faith and is not made for any improper purpose, such as to harass or to cause unnecessary delay or needlessly increase the cost of resolving the dispute.
- c. **Declaratory Judgment.** If either party considers itself aggrieved by a breach of this Compact, it may bring an action for breach of Compact in the United States District Court for the Western District of Oklahoma pursuant to 25 U.S.C. § 2710 (d)(7)(A). If the dispute involves a material breach of this compact and is not cured, the court could declare the Compact terminated. Either party may claim in an action that repeated violation of this compact constitutes a prospective intent not to abide by its terms and that, therefore, the pattern of repeated violations constitutes a material breach of this Compact. Although this remedy is consistent with 25 U.S.C. § 2710, (d)(3)(C)(v), nothing herein shall be construed to authorize any other equitable remedy, nor to authorize a money judgment except for unpaid costs of monitoring by the State. To the extent necessary and permitted by applicable law, each of the parties waive immunity from suit for the limited purpose of this section.

SECTION 16. RESERVATION OF RIGHTS.

- a. **Additional Compacts.** By entering this Compact, the Nation shall not be deemed to have waived the right to initiate and pursue the procedures provided by the Act should State refuse to enter into a Compact after the Nation has made a written request with respect to other forms of Class III gaming, and neither State nor the Nation shall be deemed to have waived any rights, arguments or defenses

applicable to such a procedure.

- b. **Status of Class II Gaming.** Nothing herein shall be deemed to affect the operation by the Nation of any Class II gaming as defined in the Act, whether conducted within or without the gaming facilities or to confer upon State any jurisdiction over such Class II gaming conducted in Nation's Indian country, nor Class III gaming inconsistent with this Compact.
- c. **Taxation.** Neither State nor any of its political subdivisions shall impose any tax, fee, charge or other assessment upon the admission to any gaming facility of the Nation or upon the conducting of or engaging in any gaming activity conducted at a facility authorized by this compact. To the extent the Nation gaming operation is responsible for filling out IRS Form W-2G on persons who receive proceeds of a wagering transaction governed by the Compact, a copy of said form shall also be provided to the Oklahoma Tax Commission.
- d. **Preservation of Nation Self-Government.** Nothing in this Compact shall be deemed to authorize State to regulate in any manner the government of the Nation, including the Kaw Gaming Commissioner, or to interfere in any manner with the Nation's selection of its governmental officers or employees.

SECTION 17. REIMBURSEMENT FOR EXPENSES INCURRED BY OKLAHOMA.

The Nation realizes that the State has incurred expenses in negotiating this Compact and will incur expenses related to the obligations undertaken under this Compact. Accordingly, the parties agree as follows:

- a. **Payments.** The Nation agrees to reimburse the State for the actual amount of time and expenses of personnel as reasonably assessed by State in accordance with Section 11, paragraph (3)(c)(III) of the IGRA related to this compact. State agrees to provide Nation with an itemized accounting of all charges assessed within sixty (60) days of occurrence.
- b. **Procedure.** The State shall bill the Nation reasonable and necessary costs related to obligations undertaken under this compact. Unless unreasonable or unnecessary, the costs for such services shall be those established by State either by agency rule or by statute or, where the cost of services (including more extensive background

checks, other investigations, monitoring or similar matters) is not established by rule or by statute, the costs shall include agents' time, including out-of-pocket expenses, benefits and travel expenses at the statutory rate. State shall send invoices to the Nation for these services. Payments shall be made within sixty (60) days to the Office of the State Treasurer. Reimbursement for services provided by State shall be transmitted by the Office of the State Treasurer to the OSBI, OSF, or any other appropriate agency to defray the cost of services as required under this compact.

- c. **Disputes.** Should the Nation dispute the reasonableness or necessity of any charges, such dispute shall be resolved as herein above set forth in Section 15.

SECTION 18. SEVERABILITY.

Each provision, section and subsection of this Compact shall stand separate and independent of every other provision, section or subsection. In the event that a court of competent jurisdiction shall find any provision, section or subsection of this Compact to be invalid, the remaining provisions, sections and subsections of the Compact shall remain in full force and effect, unless the invalid provision materially alters the relationship between the parties. In the event of such alteration, the parties shall negotiate to comply as nearly as possible with the original intent of this Compact.

SECTION 19. AMENDMENTS.

The parties may request negotiations to amend or modify this Compact. The amendment or modification request may include requests for approval of gaming activities that are legitimately within the scope of the Act. In the event of a request for negotiation to amend or modify, this Compact shall remain in effect until amended or modified, but such a request shall not extend the Compact term. Additional requests to negotiate other forms of gaming made by the Nation shall be treated as requests to negotiate pursuant to the Act. The parties shall have one hundred eighty (180) days to negotiate, and all further procedures and remedies available under the Act shall thereafter apply. The Nation and the State may mutually agree to extend the 180-day period without prejudice to the rights of either party under this section. Any amendment to this Compact shall be in writing and must be approved by the Secretary for the United States Department of the Interior. However changes in the Nation's Gaming Ordinance (Appendix C) shall not be considered amendments and may be effected as otherwise provided by this Compact or by law.

SECTION 20. AUTHORITY TO EXECUTE.

The undersigned represent that they are duly authorized to execute this agreement on behalf of the party designated.

SECTION 21. NOTICES.

All notices required or authorized to be served herein shall be sent by certified mail (return receipt requested), commercial overnight courier services, or by personal delivery to the following addresses:

OKLAHOMA

Governor of Oklahoma
State Capitol, Room 212
Oklahoma City, Oklahoma 73105

Chairman, State-Tribal Relations Committee
State Capitol
Oklahoma City, Oklahoma 73105

Attorney General of Oklahoma
State Capitol, Room 112
Oklahoma City, Oklahoma 73105

Oklahoma State Bureau of Investigation
ATTN: Commissioner
6600 N. Harvey, Suite 300
Oklahoma City, Oklahoma 73116

KAW NATION

Kaw Nation
Chairperson of the Kaw Nation
ATTN: Wanda Stone
P.O. Box 50
Kaw City, Oklahoma 74641

Kaw Gaming Commissioner
P.O. Box 171
Newkirk, Oklahoma 74647

Greg Bigler
Bigler & Rice
Kaw Nation Attorney
P.O. Box 1927
Sapulpa, Oklahoma 74067

SECTION 22. SUCCESSORS AND ASSIGNS.

This Compact shall be binding upon successors and assigns of the parties hereto.

SECTION 23. GOVERNING LAW

This Compact shall be governed by and construed in accordance with the laws of the United States, the State, and the laws of the Nation, whichever are applicable. This Compact shall be controlling. In the event of any ambiguity, this Compact shall be deemed drafted by both parties and shall not be construed against or in favor of any party by virtue of draftsmanship, or as a matter of law.

KAW NATION

[SEAL]

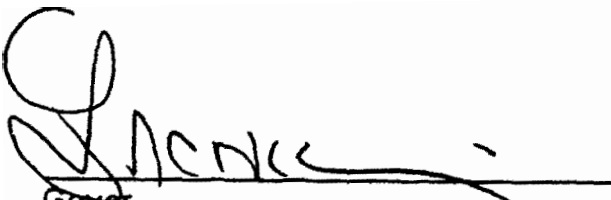


Chairperson Wanda Stone

Date: 3-27-01

STATE OF OKLAHOMA

[SEAL]



Governor

Date: 3-28-01

Attest:


Secretary of State

OKLAHOMA LEGISLATIVE APPROVAL

Approved by a quorum of the Joint Committee on Tribal -State Relations the 28th
day of November, 2001.

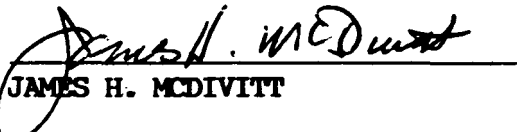

Chairman

FEDERAL APPROVAL

Consistent with 25 U.S.C. §2710(d)(8) this compact is approved on this 25th day
of May, 2001, by the United States Department of
Interior.

DEPUTY ASSISTANT SECRETARY - INDIAN AFFAIRS (MANAGEMENT)
for the Department of the Interior

By


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APPENDIX A

PARI-MUTUEL STANDARDS

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PARI-MUTUEL STANDARDS

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PARI-MUTUEL STANDARDS

A. DEFINITIONS:

BREAKAGE - the odd cents over a multiple of ten cents arising from the computation of odds and payouts on amounts wagered on a race which is part of interstate common pari-mutuel pool.

COMMISSION ON WAGERS - an amount retained and not returned to patrons from the total amount of off-track pari-mutuel wagers.

GROSS REVENUE - the total commission on off-track pari-mutuel wagers, less the amount paid to track for the right to be a part of the interstate common pari-mutuel pool ("retrack fee").

INTERSTATE COMMON PARI-MUTUEL POOL - a pari-mutuel pool consisting of the pari-mutuel wagers placed at a track, at interstate betting locations, at other jurisdictions, and the off-track pari-mutuel wagers placed at Guest, and accepted into the off-track pari-mutuel system.

LIVE AUDIO VISUAL SIGNAL - the audio and visual transmission of a race, or series of races, as it occurs at track.

MANUAL MERGE - the process used in the event of a systems or communications failure by which the system operator transmits to the track through the telephone, telecopy, cellular or any other means of communication, the wagering information for a particular race or group of races, and the process by which track includes the off-track pari-mutuel wagers into the interstate common pari-mutuel pool in such event.

OFF-TRACK PARI-MUTUEL SYSTEM - a computerized system or component of a system that is used to transmit wagering data and wagering information to and from a race track which offers interstate common pari-mutuel pools.

OFF-TRACK PARI-MUTUEL WAGER - a wager placed by a patron and accepted by guest on a race or races offered as part of an interstate common pari-mutuel pool offered by track, and accepted into the off-track pari-mutuel system.

POST TIME - for purposes of off-track pari-mutuel wagering is when the first entrant enters the gate.

SYSTEMS OPERATOR OR OPERATOR OF A SYSTEM - a person engaged in providing the off-track pari-mutuel system or services directly related to the reconciliation of the interstate common pari-mutuel pool and transfer of funds between track and guest.

TRACK - an out-of-state facility licensed to operate horse or other racing where pari-mutuel wagering on races is conducted.

WAGERING DATA - the information regarding results, actual payouts, and the amount of pari-mutuel and off-track pari-mutuel wagers accepted for each race or group of races in the interstate common pari-mutuel pool.

WAGERING INFORMATION - the amount of off-track pari-mutuel wagers accepted for each race or group of races by guest.

B. GENERAL CONTROLS:

- 1. The Nation's gaming facility will maintain appropriate security at all times.**
- 2. A key employee will be on premises at all times wagering is conducted. The name of each key employee shall be maintained on file, and provided to the Chickasaw Gaming Commissioner.**
- 3. The Gaming Facility will not accept wagers on credit.**
- 4. Gaming Facility employees are prohibited from wagering on events while on duty.**

C. COMPUTER SYSTEM:

The main processors consist of three DEC 4000 Series 90 central processing units operating in triplex or other suitable computer substitutes. These central processing units are located at a suitable location by the simulcast signal provider with telecommunication links to peripheral terminals located at the Nation Gaming Facility or at some other suitable and securely equivalent location.

The systems provide hard disk storage in the form of dual-disk disk drives of 2.1 gigabytes each, and 2.1 gigabytes of magnetic tape for backup data or some other storage of similar or greater capacity.

Program source code shall not be available to Gaming Facility employees, or to Nation's data processing employees.

Access to the main processors located at the source location is limited to authorized simulcast provider personnel or substitute entity personnel from the signal source locations.

The pari-mutuel system will be connected to the Gaming Facility via a dedicated telephone line or other acceptable communication system. Access through a dial-up modem or other suitable alternative will be available in case the leased dedicated telephone line becomes inoperative.

Writer/cashier terminals and screen activated machines (SAMs) will be furnished to the Gaming Facility by source location. Access to writer/cashier terminals will be restricted to writers/cashiers. This restriction will be provided by requiring operator number and passwords to log on to the system. Writer/cashier operator numbers will be issued by source location. Passwords for writers/cashiers will remain confidential, known only by the writer/cashier. Passwords for writers/cashiers will be changed at least quarterly.

Supervisor and accounting personnel operator numbers and passwords will be issued by source location. These passwords will be changed at least quarterly.

A Gaming Facility or other employee, approved by the Chickasaw Gaming Commissioner may perform routine maintenance and service of the hardware components of the Gaming Facility's wagering and communication equipment. Source location-dispatched technician will perform all non-routine maintenance and service of the hardware components of the Gaming Facility's equipment.

Nothing here shall prevent the Nation from providing an alternative computer system provided that the protection it maintains for the Nation and its patrons is similar to those provided by the described system and source location.

D. OPENING/CLOSING PROCEDURES:

1. Opening Procedure

Ticket writer/cashier receives his/her starting bank from the cage.

Ticket writer/cashier verifies funds and enters the amount on a log. The writer/cashier signs the log.

Upon completion of bank opening procedures, the writer/cashier will sign on to the system by inputting his operator code and password. The system will print a sign-on ticket that will contain the following information: "sign-on" designation, Gaming Center name, date, time, station number and operator number.

2. Closing Procedures

When the writer/cashier closes his/her Pari-mutuel station, a sign-off ticket and a summary ticket will be printed by the terminal. The sign-off ticket will contain the following information: sign-off designation, Gaming Facility name, date, time, station number and operator number. The summary ticket will contain the

following information: Gaming Facility name, date, time, station number, operator number, take (sales), voids (cancels), paid (cash), the IRS withholding amount, and beginning bank (draw). Information on cash turn-ins (cash balance) will only be available to the book supervisor via password access. The cash drawer is then counted by the cashier/writer and the shift supervisor. Both sign the count sheet. The computer terminal is accessed to determine the writer's total cash balance. This is compared to the count sheet and variations are investigated.

Once verified, a manual cash-in slip is created and signed by both the writer/cashier and the shift supervisor, the writer/cashier will proceed to the slot cage and will turn in their funds.

E. BETTING/TICKET ISSUANCE AND CONTROLS:

Betting tickets shall be in single part form. The original is given to the customer. A second "copy" is retained internally within the computer system and is not accessible by Pari-Mutuel Gaming Facility personnel

The computer system prints a number on each ticket which identifies each writer station.

Only one random numerical computer-assigned series per station shall be used at one time.

Unused tickets will be stored in the Pari-Mutuel Gaming Facility storage room. These forms are serially numbered by the computer and do not require the "sensitive" forms inventory control procedures.

The computer system will not allow a ticket to be voided after a race event is locked out.

All bets will be made in cash or chips and shall be evidenced by the issuance of a ticket upon acceptance of a wager.

Tickets will not be written or voided after the outcome of an event is known.

F. SCREEN ACTIVATED MACHINE

1. The screen activated machine (SAM) is a self-service betting machine which allows customers to place wagers using a winning ticket or voucher generated by the system.

2.eThe customer must insert a voucher or winning ticket for the SAM to accept aee wager. Wagers will be made keying in the amount of the bet, the type of bet, andee the horse or horses selected. After the selection process is complete, the SAM willee print a bet ticket. The SAM will print a bet ticket. The SAM will for the remaininee balance, if any, owed voucher will contain the serial number, and SAM number.ee This information will the voucher. Once the wager is placed, the voucher to placeee additional wagers for cash.ee

3.eWhen a patron wishes to redeem a voucher, the writer/cashier will insert it intoee the bar code reader. The computer will then generate a paid ticket and thee writer/cashier will pay the patron. All other procedures described concerninee payouts on winning wagers will be compiled with as applicable.ee

4.eOutstanding vouchers will be listed on the Outsbook Voucher Report. Vouchersee outstanding more than a specified number of days will be purged by the Systemsee Operator.ee

5.eAll winning tickets and vouchers inserted into the SAM will be depositedee automatically into a locked box in the machine. On a daily basis, an accountinee representative will check out the key to the lock boxes to remove the tickets andee vouchers. The key will be at a department independent of the Pari-Mutuel Gamingee Center and will require signing a log to access. After the accounting representativeee obtains the tickets and vouchers, he or she will immediately deliver them toe accounting.ee

6. Voids will not be allowed at a SAM. Additionally, winning tickets that requireee IRS withholding will not be paid at the SAM.ee

G.ePAYMENT OF WINNING WAGERS:ee

Upon presentation of a winning ticket by a customer, the writer/cashier will insert the ticket in to the bar code reader for verification and payment authorization. The system will brand the ticket with the payout amount, writer/cashier's station number, and date. Information on all wining tickets paid will be retained by the system.

Should the bar code reader fail to read a ticket, the writer/cashier will manually enter the ticket number into the terminal. A payout ticket will then be printed which will include the following information: ticket number, "pay" indication, Gaming Facility name, pay amount, date, station number, and operator number.

The computer software is designed to prevent payment of a ticket that has been previously paid by the system, voided by the system, a losing ticket, or a ticket not issued by the system.

Payoffs over \$10,000.00 may be delayed for up to 24 hours after the next banking day.

For winnings requiring the completion of a form W-2G, the computer system will preclude a writer/cashier from making payment until the patron's social security number is entered. Once the social security number is entered, the computer will compute the amount of withholding and the amount of customer payment. The system will not pay a winning ticket, which requires IRS withholding, unless the customer provides his/her social security number at the time of payment. The system will calculate the withholding amount and the net amount due to the customer, which will both be printed on the ticket. This will alert the writer/cashier and the supervisor to complete the required IRS forms. Persons who do not have social security numbers may receive winnings from the manager after complying with federal tax requirements.

H. POSTING OF RULES:

1. Posting of rules

All house rules shall be conspicuously displayed in the Gaming Facility.

2. Refunds

All bets received on any entry which does not start or on a race which is canceled or postponed shall be refunded on the basis of the refund policy in effect at the track.

3. Refusal to accept bets

The Gaming Facility reserves the right to refuse to accept bets on a particular entry or entries or in any or all pari-mutuel pools for what it deems good and sufficient reason.

4. Cancellation of track pool

In the event that a pari-mutuel pool is canceled by the track, the corresponding off-track betting pari-mutuel pool shall be refunded.

5. Responsibility of the Gaming Facility

The Gaming Facility bears no responsibility with respect to the actual running of any race or races upon which it accepts bets. In all cases, the off-track betting pari-mutuel pool distribution shall be based upon the order of finish posted at the track as "official". The determination of the judges, stewards or other appropriate officials at the track shall be conclusive in determining the payoffs of the Gaming Facility.

6. Error in calculation of payments

In the event an error in calculation of payment occurs in a pool which is the result of the combination of the track pool and the off-track betting pool, the rules in effect at the track governing the disposition of such error shall prevail.

I. UNPAID WINNERS:

Unpaid winners remain on the computer system for a minimum of 120 days, after the conclusion of a racing meet. Following the 120 day period, the unpaid winners are brought back into revenue by the source location.

J. LOST TICKETS:

Upon notification by a patron that a winning betting ticket has been lost, stolen or is otherwise not available for presentation, the following procedures will be followed:

1. The patron must report the loss of the ticket not later than the third day following the day the race was completed, unless the patron can show circumstances where this was not possible, or unless approved by Gaming Facility management.

2. A lost ticket report will be prepared by the Gaming Facility from information supplied by the patron. The report will contain the following information:

- a. Name, address and telephone number of patron**
- b. Date/time the ticket was purchased**
- e. Amount/type of wager**
- d. Horse/greyhound betting numbers**
- e. Ticket number (if known by patron)**
- f. Signature of patron**

g. Signature of report preparer

h. Signature of Gaming Facility Manager/Supervisor

3. The lost ticket report will be delivered to the controller who will instruct an accounting clerk to research the unpaid ticket file.

a. If an unpaid ticket that matches the information on the lost ticket report cannot be located, the lost ticket report will be returned to the Gaming Facility Manager with instructions that no payment can be made.

b. If an unpaid ticket is found that matches the lost ticket report, the unpaid ticket will be "locked" in the computer system to prevent payment to other than the claimant for the holding period of one hundred twenty (120) days after the conclusion of the racing meet on which the wager was placed.

4. After the ticket is held for this one hundred twenty (120) day period, the patron may be paid. The controller reviews all of the lost ticket claim support paperwork prior to signing the check to be mailed to the customer.

5. If the ticket is presented for payment within this one hundred twenty (120) day period by other than the patron represented on the lost ticket report; or if a dispute arises from the foregoing procedures, it will be the Gaming Facility's responsibility to resolve such disputes.

K. MAIL PAYMENTS:

Only original wagered tickets are acceptable for mail payments.

All mail payment requests are opened and logged by personnel independent of the Gaming Facility. A copy of the log is retained by the accounting department for auditing mail tickets paid. The mailed ticket is forwarded directly to the Gaming Facility Manager's office, where it is then entered into a writer/cashier's terminal for unpaid ticket update to indicate that the ticket is no longer outstanding.

A request for disbursement and the approved ticket are forwarded to the controller for payment.

Only the controller or a designate is authorized to approve mail payments.

L. REPORT DESCRIPTIONS:

The race auditor has the ability to generate the following reports from the RMC each day:

Recap Report - This report will contain information by track and total information regarding write, refunds, payouts, outs, payments on outs, and federal tax withholding for each track will also be included. Additionally, information regarding SAM voucher activity will be included. This report will provide daily amounts.

Daily Reconciliation Report - This report will summarize information in total by track. Report information will include write, today's winning ticket total, total commission and breakage due the licensee, and net funds transfer to or from the licensee's bank account.

Window Activity Report - This report will summarize for each window the following information: Sales, cash outs, cancels, draws, returns, vouchers sold, vouchers cashed, over/short.

Teller Balance Report - This report will summarize daily activity by track and writer/cashier, and SAM terminals. Specifically, the report will contain the following: tickets sold, tickets cashed, tickets canceled, draws, returns, computed cash turn-in, actual turn-in, and over/short.

Teller Details Report - This report will summarize teller activity. Specifically, for each teller the report will contain tickets sold, tickets cashed, tickets canceled, tickets refunded, W-2G withholdings, funds returned, draws and over/short.
Session Sales Summary - This report will summarize sales activity for each type of wager placed, for each race run, and for each track opened. Additionally, total sales will be provided. Specific information included will be sales, cancels, sales, from previous sessions, refunds, and net sales.

Cashed Tickets Report - This report will list all paid winning tickets by track and race. This report will include the ticket number, date, tickets written, horse or greyhound selection and type of bet made amount of bet or bets, total take, and pay amount. The report will also include IRS withholdings, if applicable.

Canceled Tickets Report - This report will list all tickets that were canceled for the day. Specific information will include ticket serial number, sale window, cancellation window, and amount.

Refunded Tickets Report - This report will list all tickets refunded for the day. Specifically, this report will include ticket serial number, ticket description, and amount.

SAM Activity Report - This report will contain a summary of Screen Activated Machines (SAM) activity. Specifically, this report will include the SAM number, ticket sales, ticket cash outs, voucher sales, and voucher cash outs.

Cashed Voucher Report - This report will contain a detailed listing of all vouchers cashed for the day. Specifically, this report will contain the ticket serial number, the window(s) at which the voucher was sold and cashed, and the amount of the voucher cashed.

IRS Tax Report-Cashed - This report will contain a detailed listing of all tickets cashed that were subject to federal withholding. This report will include the customer's social security number, ticket serial number, ticket conditions, race date, amount of payout, withholding amount, net payout, cashing and selling window(s), and teller identification.

Future Tickets Report - This report will contain a detailed listing of all tickets bet on events occurring subsequent to the current day. This report will include ticket serial number, window where the ticket was bet, cost, amount, type of bet, race number, and horses chosen.

Outsbook Tickets Report - This report will contain a listing by window, race, track and in summary of winning tickets which remain unpaid. Specifically, this report will include ticket number, window, pay amount, and IRS withholding (if applicable).

Public Results Information Report - This report will contain race results and prices paid.

Transaction Search Report - This report will contain a listing of all tickets and vouchers written and paid per station. Also the report contains canceled tickets.

Exception Report - This report will contain a listing of all systems functions and overrides not involved in the actual writing or cashing of tickets. This report will also include sign-on/off tickets, voids, and manually entered paid tickets.